

Date: May 27, 2004

To: Chairman Randolph and Commissioners Blair, Downey, Karlan and Knox

From: Mark Krausse, Executive Director

EXECUTIVE DIRECTOR'S REPORT

This is a summary of administrative activity and other matters since the report sent to you prior to the last Commission meeting.

A. BUDGET AND PERSONNEL

The Assembly budget subcommittee reduced the Commission's cut to \$500,000. The Senate budget subcommittee, while similarly reducing the \$809,000 Budget Act reduction to \$500,000, also approved the additional 3% reduction requested by the Department of Finance in May, for a total reduction in the Senate version of \$671,000. The issue will be decided in the budget conference committee, possibly before the commission's June meeting.

Hyla Wagner will be leaving the Legal Division at the end of May. We are hoping this is only a temporary departure. Hyla is an extremely intelligent and hard-working Senior Commission Counsel, but most of all she is known for her dedication to the Commission. Her accomplishments are numerous. Over her years with the Commission, she has contributed greatly to campaign reporting simplification, regulatory implementation of Propositions 208 and 34, and several Commission opinions.

Holly Armstrong accepted a Staff Counsel position at the California Integrated Waste Management Board and she starts there June 7. Holly has worked in the Legal Division since 2001 and has been a valuable asset to the Division. She was of great assistance in implementing Proposition 34, handling the "net debt," "termination," and "personal loan" regulations. She also worked on the tribal litigation, the *Hanko* opinion and other special projects.

Jennie Eddy will be leaving the FPPC Enforcement Division this month to accept a position with the Nielsen Merksamer law firm in Mill Valley. As the attorney responsible for handling the majority of the major donor and late contribution report cases brought by the Enforcement Division since her arrival, she is responsible for nearly \$300,000 in fines. Her productivity and enthusiasm have been outstanding.

Bonita Kwong accepted a Staff Services Analyst position at the State Water Resources Control Board. Bonita has worked in the Technical Assistance Division since 2000. She has been an asset to the division in providing outreach presentations for filing officers and acting as the filing officer for court and county statements of economic interests.

Our sincere appreciation and best wishes go out to Hyla, Holly, Jennie and Bonita.

B. STAFF PROJECTS

The Public Education unit is completing a first draft of the summer Bulletin. The unit also is responding to ethics law surveys from ethics and campaign finance agencies in other states.

C. APPROVAL OF CONFLICT OF INTEREST CODES/AMENDMENTS

Since the last Commission meeting, the agency has approved the following codes/amendments:

Conservation, California Department of

D. FINDINGS OF PROBABLE CAUSE

MedImpact Healthcare Systems, Inc., FPPC 03/579. On April 30, 2004, probable cause was found to believe that respondent, a pharmacy benefits management corporation located in San Diego, failed to timely file a semi-annual campaign statement, in violation of Section 84200(b) (1 count).

Miranda Tsao, FPPC 04/163. On April 29, 2004, probable cause was found to believe that respondent, the President of Global Opticom, Inc., located in Sunnyvale, failed to timely file a semi-annual campaign statement, in violation of Section 84200(b) (1 count).

E. REQUESTS FOR EXTENSION OF COMMITTEE TERMINATION

Pursuant to regulation 18404.1, campaign committees facing termination by December 31, 2002, who desire an extension of that deadline must submit a request to the Executive Director by December 1, 2002. Since my last report to the Commission, I have responded to the following requests:

Friends of Brad Sherman. Fourth request for extension granted for a period of 2 months. The committee indicated that it had made substantial progress towards debt retirement. Extension granted for 2 months to allow the committee time to provide additional evidence of that progress.

Aghazarian for Assembly. Fourth request for extension granted for a period of 1 month. The committee indicated that it had made substantial progress of its debts but did not include evidence of that progress. Extension granted for 1 month to allow the committee time to provide that evidence .